



246941

June 25, 2003

DEPT. OF TRANSPORTATION
DOT/ETD

2003 JUL 27 A 11:07

The Honorable Norman Y. Mineta , Secretary – US Department of Transportation
Docket Operations and Media Management Division, M-30
Room PL-401
Department of Transportation
400 7th Street, SW
Washington, DC 20590

Reference: Small Community Air Service Development Pilot Program
Docket OST-2003-15065 - 62

Dear Secretary Mineta:

Please find an original and 4 copies of the proposal for the Small Community Air Service Development Program from Toledo Express Airport on behalf of the Northwest Ohio region. This proposal is submitted with great support from our regional partners including the Northwest Ohio Legislative Consortium, the Toledo Chamber of Commerce, City of Toledo, Lucas County, and the Toledo-Lucas County Port Authority.

This proposal outlines an air service opportunity that represents a win/win initiative for both the DOT and the Toledo/Northwest Ohio community. This proposed air service initiative is not a "shot in the dark", but rather a solid opportunity backed by professionally detailed traffic and revenue projections and support by the airline proposed to fly the new route. This exciting opportunity for our community will help retain our local passengers, and certainly will provide an economic impact that we believe will only spur additional investment into our community.

The Toledo-Lucas County Port Authority is the sponsor for this program, and will administer any program funds awarded through our internal Grants Manager, who is very skilled in the management of Federal, State, and Local grant funding. As you will see in the proposal, the community, including the Toledo Chamber of Commerce, has committed \$150,000 as matching funds for this program which is above and beyond the commitment from the Toledo-Lucas County Port Authority to provide support through our advertising/marketing budget and our relationship with our local advertising partners to ensure this joint venture is a success.

Sincerely,
Toledo-Lucas County Port Authority

Paul L. Toth, Jr.
Director of Airports

SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM
DOCKET OST-2003-15065
(Attach To Front of Application
SUMMARY INFORMATION

A. APPLICANT INFORMATION: (CHECK ALL THAT APPLY)

☒ **Consortium**

☐ **Community now receives EAS subsidy**

Community Name Toledo Chamber of Commerce
Address1 Toledo-Lucas County, Ohio
Address2 800 Madison Ave.
City, State Zipcode Suite 200
Point of Contact: Toledo, OH 43604
Mark V'Soske

Point of Contact:

Phone: 419-243-8191
Fax: 419-241-8302
Email: _____
County: _____

Community Name The Legislative Consortium
Address1 800 Madison Ave.
Address2 Suite 200
City, State Zipcode Toledo, OH 43604
Point of Contact: Kathy Teigland

Phone: 419-243-8191
Fax: 419-241-8302
Email: _____
County: _____

Community Name City of Toledo, Ohio
Address1 One Government Center
Address2 _____
City, State Zipcode Toledo, OH 43604
Point of Contact: _____

Phone: _____
Fax: _____
Email: _____
County: _____

DESIGNATED LEGAL SPONSOR: (MUST BE A GOVERNMENT ENTITY)

Name Paul L. Toth
Title Airports Director
Organization Toledo-Lucas County Port Authority
Address1 11013 Airport Hwy.
Address2 _____
City, State Zipcode Swanton, OH 43558

Point of Contact

Phone: 419-865-2351
Fax: 419-867-8245
Email: ptoth@toledoportauthority
org

PUBLIC/PRIVATE PARTNERSHIPS: (LIST ORGANIZATION NAMES)

<u>Public</u>	<u>Private</u>
1. City of Toledo	1. Toledo Area Chamber of Commerce
2. Lucas County, Ohio	2. The Legislative Consortium
3. Regional Growth Partnership	3.
4. Toledo-Lucas County Port Authority	4.
5.	5.

B. PROJECT INFORMATION

PROJECT PROPOSAL: (CHECK ALL THAT APPLY)

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Marketing | <input type="checkbox"/> Upgrade Aircraft | <input checked="" type="checkbox"/> New Route |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Increase Frequency Secure | <input type="checkbox"/> Low Fare Service |
| <input type="checkbox"/> Travel Bank | <input type="checkbox"/> Service Restoration | <input type="checkbox"/> Surface Transportation |
| <input type="checkbox"/> Subsidy | <input type="checkbox"/> Regional Service | <input type="checkbox"/> Other (specify) |
| <input checked="" type="checkbox"/> Revenue Guarantee | <input type="checkbox"/> Launch New Carrier | _____ |
| <input type="checkbox"/> Start Up Cost Offset | <input type="checkbox"/> First Competitive Service | _____ |
| <input type="checkbox"/> Study | <input type="checkbox"/> Secure Additional Carrier | _____ |

PROJECT GOAL: PROJECT IS INTENDED TO ADDRESS PROBLEMS INVOLVING (CHECK ALL THAT APPLY)

- | | | |
|--|--|--|
| <input type="checkbox"/> High Fares | <input checked="" type="checkbox"/> Insufficient Air Service | <input type="checkbox"/> Unique Airport Circumstance |
| <input type="checkbox"/> Access to National Transportation System Needed | | |
| <input type="checkbox"/> Other (specify) _____ | | |

Please provide a brief synopsis (in one paragraph) of the highlights of your proposal.

Toledo Express Airport seeks a grant to attract nonstop regional jet service to Delta's Dallas/Ft. Worth hub. The intent is to address the issue of deficient air service between Toledo and the Southwestern United States. The airport has developed a strong public/private partnership with the City of Toledo, as well as the local Chamber of Commerce to implement this program.

PROJECT COST:

Federal amount requested: \$750,000
Total local financial contribution: _____
 Airport funds: _____
 Non-Airport funds: \$150,000
State financial contribution: _____
 Existing funds: _____
 New funds: _____
In-kind contribution: _____
(amount & description)
Total cost of project: \$900,000

C. AIR SERVICE DEVELOPMENT ZONE: (CHECK BOX IF INTERESTED IN DESIGNATION) ☐

D. AIRPORT INFORMATION: (WHERE SERVICE WOULD BE PROVIDED)

Airport Name: Toledo Express Airport
Airport City: Swanton
Airport State: Ohio
Airport Code: TOL

AIRPORT CLASSIFICATION: (AS OF JUNE 2002, PER FAA'S AIRPORT HANDBOOK)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

EXISTING LANDING AIDS:

☒ Full ILS ☐ Outer/Middle Marker ☐ Published Instrument Approach
☐ Localizer ☐ Other (specify) _____

EXISTING SERVICE:

☒ Jet service ☐ Low Fare Service ☒ Turboprop

AIR CARRIER(S) SERVING AIRPORT:**Air Carriers****Air Carriers**

1. Delta Connection (CRJ, FRJ)	6. American Eagle
2. Continental Connection (Beech 1900)	7.
3. Mesaba/Northwest Airlines (Saab 340)	8.
4. Chicago Express (Saab 340)	9.
5. U.S. Airways Express (Saab 340)	10.

AIR CARRIER(S) SERVING AIRPORT:

Air Carriers

Air Carriers

1. Delta Connection (CRJ, FRJ)	6. American Eagle (ERI)
2. Continental Connection (Beech 1900)	7. _____
3. Mesaba/Northwest Airlines (Saab 340)	8. _____
4. Chicago Express (Saab 340)	9. _____
5. U.S. Airways Express (Saab 340)	10. _____

CURRENT FLIGHT INFORMATION: (please provide attachment if you need more room)

Number of non-stop roundtrip flights per destination: _____ 36 _____

Number of one-stop, single-plane roundtrip flights
per destination per week (identify services that are
seasonal and dates of service): _____ 0 _____

Aircraft Type (include number of seats): _____

Enplanements (last five calendar years to the extent applicable)

1998 318,548 _____	2001 328,396 _____
1999 249,492 _____	2002 322,718 _____
2000 274,805 _____	

E. AIRFARES: (PROVIDE CURRENT AVAILABLE AIRFARES FOR TOP 3 O&D MARKETS-IF APPLICABLE)

O&D Market: MCO= _____	Airfare: \$182.00 RT or \$102.00 each way
O&D Market: ATL= _____	Airfare: \$237.00 RT or \$150.00 each way
O&D Market: TPA = _____	Airfare: \$182.00 RT or \$96.00 each way

F. PROXIMITY OF OTHER AIRPORTS: (PER JUNE 2002 FAA HANDBOOK)

What is your closest:

Non-hub (w/jet service)	Name	Fort Wayne, IN
Small Hub	Name	Dayton, OH
Medium Hub	Name	Cleveland, OH

Large Hub
Low-fare service

Name Detroit Metropolitan
Name Detroit Metro (Southwest, Spirit,
America West)

TOLEDO AREA
Chamber of Commerce

June 24, 2003



Mr. Paul Toth, Airport Director
Toledo Express Airport
11013 Airport Highway
Swanton, OH 43558

**RE: Small Community Air Service Development Pilot Program
Docket OST-2003-15065**

Dear Mr. Toth:

The Toledo Area Chamber of Commerce extends its support for Toledo Express Airport's Air 21 application. We are of the opinion that the receipt of this grant will enable Toledo Express to secure Delta Airlines service to the Dallas / Ft. Worth hub thereby opening up the West and Southwest to our business and leisure travelers.

This service will be a giant step toward recapturing a significant number of Toledo market passengers who now must travel-with a time and money penalty-to Detroit Metro in order to access Western destinations. According to a recent leakage study conducted by Boyd & Associates, our business and industrial base has strong ties with businesses in the Western market and would have a meaningful economic impact on our business community.

Leisure travelers would also realize a time and money saving by flying from Toledo Express to this new market as Delta's hub in Dallas / Ft. Worth also reaches over 23 other major destinations.

Lastly, our organization's board of trustees has committed financial resources to be used toward the match for the grant as we strongly believe that strengthening our air service options and reducing the leakage to other airports is a key factor in maintaining and increasing our community's economic strength.

Sincerely,

Mark A. V'Soske, CAE
President



REGIONAL GROWTH PARTNERSHIP
Building a High-Performance Economy

June 25, 2003

**Mr. Paul Toth
Airport Director
Toledo Express Airport
11013 Airport Highway
Swanton, OH 43558**

Re: Small Community Air Services Grant

Dear Paul:

The Regional Growth Partnership is pleased to support the Toledo Express Airport's grant application to the FAA for a Small Community Air Services Grant. The Toledo Express Airport serves the commercial center of a tri-state region comprised of southeastern Michigan, northern Indiana, and western Ohio.

The grant will be used to secure a Delta Airlines connection to the Dallas/Ft. Worth area, which will resolve a major air service deficiency affecting approximately 1 million consumers in the Toledo Express service area. This service will allow the airport to recapture significant numbers of Toledo passengers now driving to Detroit. The economic impact is estimated at \$4.8 million annually to the region's economy.

We thank you for your strong consideration of their Small Community Air Services Grant.

Sincerely,

**Donald E. Jakeway
President & CEO**

cc: RGP Board of Directors



COUNTY OF LUCAS

BOARD OF COUNTY COMMISSIONERS

HARRY BARLOS
President

MARGARET B. THURBER
TINA SKELDON WOZNIAK

EDWARD J. CIECKA
Administrator

NANCY POSKAR
Clerk

June 25, 2003

Mr. Paul Toth, Airport Director
Toledo Express Airport
11013 Airport Highway
Swanton, Ohio 43558

Dear Mr. Toth,

The Board of County Commissioners, Lucas County, Ohio supports the grant application of the Toledo-Lucas County Port Authority for a Small Community Air Services Grant.

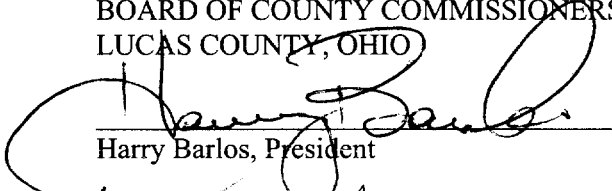
Lucas County is well positioned as a transportation center in the United States. Securing this grant will enable the Port Authority to provide the greater Toledo metropolitan area with needed enhancements for travel and transportation options. The grant revenue will also aid the Port Authority in addressing local concern with loss of air passengers to larger airports in this region of the country.


With an estimated 1,000,000 potential air passengers in our area, the Port Authority's effort to expand service for that population will be strong incentive for our local business and leisure air passenger to use our present facilities at Toledo Express Airport.


We encourage the Department of Transportation to give positive consideration to this grant application.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
LUCAS COUNTY, OHIO


Harry Barlos, President


Margaret B. Thurber, Commissioner


Tina Skeldon Wozniak, Commissioner

d:\dat\commish\bd\toth

MIKE DeWINE
OHIO

140 RUSSELL SENATE OFFICE BUILDING
(202) 224-2315
TDD: (202) 224-9921
senator_dewine@dewine.senate.gov
http://dewine.senate.gov

United States Senate
WASHINGTON, DC 20510-3503

June 25, 2003

COMMITTEES:

JUDICIARY
CHAIRMAN, SUBCOMMITTEE ON ANTITRUST,
BUSINESS RIGHTS AND COMPETITION

APPROPRIATIONS
CHAIRMAN, SUBCOMMITTEE ON
DISTRICT OF COLUMBIA

INTELLIGENCE

The Honorable Norman Y. Mineta
Secretary
U.S. Department of Transportation
407 7th Street, SW
Washington, DC 20590-0003

Dear Secretary Mineta:

It has come to my attention that the officials of the Toledo-Lucas County Port Authority (TLCPA), in partnership with The Toledo Express Airport and the Toledo/Northwest Ohio Area Air Service Coalition, are submitting an application for a 2003 Small Community Air Service Development Pilot Program Grant.

This funding will be used specifically to secure a Delta Airlines connection from Toledo to the Dallas/Fort Worth area, opening up the West and Southwest markets to Toledo and will allow the airport to recapture significant numbers of Toledo passengers now driving to Detroit Metro. Toledo Express Airport is in negotiations with Delta Air Lines who is willing to provide nonstop regional jet service to its hub at Dallas/Ft. Worth. Toledo has strong business ties to both the Dallas/Ft. Worth area and other points on the Dallas/Ft. Worth Delta system. Leisure travelers will also have improved options with the Delta service not only to the Dallas/Ft. Worth areas, but currently to over 23 other major destinations from the Delta hub.

I would appreciate your office giving their proposal your consideration. Please feel free to contact me or my Grant Coordinator, Lelia Burke, at (513) 763-8260 if you need additional information.

Very respectfully yours,



MIKE DeWINE
United States Senator

RMD/lcb

STATE OFFICES:

312 WALNUT STREET
ROOM 2030
CINCINNATI, OH 45202
(513) 763-8260

600 SUPERIOR AVENUE EAST
ROOM 2450
CLEVELAND, OH 44114
(216) 522-7272

37 WEST BROAD STREET
ROOM 320 (CASEWORK)
COLUMBUS, OH 43215
(614) 469-6774

37 WEST BROAD STREET
ROOM 300
COLUMBUS, OH 43215
(614) 469-5186

121 PUTNAM STREET
SUITE 102
MARIETTA, OH 45750
(740) 373-2317

420 MADISON AVENUE
ROOM 1225
TOLEDO, OH 43604
(419) 259-7536

100 WEST MAIN STREET
2ND FLOOR
XENIA, OH 45385
(937) 376-3080

June 25, 2003

Mr. Paul Toth
Airport Director
Toledo Express Airport
11013 Airport Highway
Swanton, OH 43558

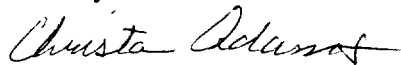
Dear Mr. Toth:

Owens Community College supports your application for a Small Community Air Services Grant. If approved, this grant will assist Toledo Express Airport to retain passengers and reduce "leakage" to Detroit Metro.

Owens Community College seeks to contribute to the economic vitality of Northwest Ohio by providing students with an excellent education enabling them to become productive members of the workforce and thus to help "grow" the economy of our region and our state. Adding a Delta Airlines connection to Toledo Express Airport will provide local business and leisure travelers with improved options to both Dallas Ft. Worth as well as over 23 other major destinations from the Delta hub, and will result in increased access, decreased costs and less lost travel time.

This grant will further solidify Toledo's status as an important transportation and distribution center, and will help sustain the economic well-being of local industries such as glass, automotive, plastics and industrial fabrication which serve as the economic linchpin of this region. Moreover, Owens' graduates can only benefit from the increased economic benefits that would accrue to this region should this proposal be approved.

Sincerely,



Christa Adams, Ph.D.
President

CA:sm



Delta Air Lines, Inc.
1275 K Street, N.W.
Suite 1200
Washington, D.C. 20005

June 24, 2003

The Honorable Norman Y. Mineta
Secretary
U.S. Department of Transportation
400 Seventh Street SW Room 10200
Washington, DC 20590

Re: Toledo Express Airport

Dear Mr. Secretary:

As a leading provider of regional airline service to America's small and mid-sized communities, Delta Air Lines understands the challenges these communities face when attempting to attract new or improve existing service.

The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (Air 21) allows such communities the opportunity to pursue air service, generally a catalyst for local economic growth and development. Delta applauds the Department of Transportation's intent to assist these airports in developing their underserved markets.

In recent months, we have met and discussed service improvements with the Toledo Express Airport and believe their case has merit based on the following:

- Delta has experienced success at the Dallas/Ft. Worth hub by developing regional jet feed from mid-sized communities such as Toledo.
- Nonstop regional jet service would allow Delta the opportunity to capture over 50,000 additional enplanements that are mostly driving to other airports and flying other carriers.
- Toledo service would add up to 30,000 additional connecting passengers to Delta's Dallas/Ft. Worth hub, bolstering revenues through the existing network.
- Economic ties between Toledo and Dallas/Ft. Worth provide an existing base of high-yield traffic to support nonstop service.

June 24, 2003

Page 2

We support Toledo Express Airport's Air 21 application and ask that you afford them every opportunity to gain funds through this new and unique federal program. The availability of partnership funding through the community and through the federal Air 21 program can certainly make a difference to attract air service.

Thank you,



D. Scott Yohe
Senior Vice President, Government Affairs
Delta Air Lines, Inc.

cc: The Honorable Mike DeWine, United States Senate
The Honorable George Voinovich, United States Senate
The Honorable Marcy Kaptur, U.S. House of Representatives
Paul L. Toth, Jr. - Airports Director, Toledo-Lucas County Port Authority

**BEFORE THE OFFICE OF THE SECRETARY
DEPARTMENT OF TRANSPORTATION**

**Community Proposal
Toledo Express Airport
Toledo, Ohio**

**SMALL COMMUNITY AIR SERVICE
DEVELOPMENT PILOT PROGRAM**

DOCKET OST-2003-15065

Under 49 U.S.C. 41743 *et seq*

SUMMARY

Toledo Express Airport serves a growing tri-state region comprised of parts of southeastern Michigan, western Ohio and northern Indiana. As the commercial center of this region, Toledo is today in the center of what has evolved from the "rust belt" into the "global growth belt." Expansion by international companies such as Daimler-Chrysler, Dana and Owens-Illinois, has made the region served by Toledo Express Airport a center of several industries – glass, automotive, plastics, and industrial fabrication. Its location has made Toledo one of the most important transportation and distribution points in America.

Unfortunately, air service improvements at Toledo have not kept pace with this commercial expansion, and as a result continued growth is threatened. A study accomplished for the Airport in June, 2003, found that while the Toledo Express service area generates approximately 1,013,000 annual passengers, almost 70% currently use other airports, primarily Detroit Metro. The study found that the main reason for this lost traffic was that air service expansion had not kept pace with economic expansion. The causes of this lag in air service was found to be mainly in the area of airline industry contraction caused by financial challenges.

Toledo Express Airport has determined that one major service deficiency is lack of westbound access from the region, and inadequate access to the West Coast and Southwest. Currently, the only true western access is via Chicago.

Toledo Express Airport is in negotiations with Delta Air Lines, which is willing to provide nonstop regional jet service to its hub at Dallas/Ft.Worth. Preliminary projections indicate that this service would generate over 57,000 annual passengers, most of which would be re-captured from those now using Detroit.

However, due to current conditions in the airline industry, the carrier cannot consider implementing the service without some back-stop mechanism to offset the risk of applying \$18-million dollar regional jet assets to a new market. While the extensive data compiled by the Airport very clearly shows that the proposed service

would be a quick success for the airline involved, without a risk-abatement revenue guarantee in place, implementing service will not be possible.

To establish this important service, Toledo Express Airport is requesting a grant of \$750,000 to be added to a local match of \$150,000 to provide this risk-abatement and revenue guarantee to the carrier. The Airport is cognizant of the size of this request, but would point out the following:

- **The service will resolve a major air service deficiency affecting approximately 1 million consumers in the Toledo Express service area.**
- **The grant will allow the airport to recapture significant numbers of Toledo passengers now driving to Detroit. The economic impact of this re-captured traffic is estimated at \$4.8 million annually to the Toledo economy.¹**

The Airport is confident that with this grant, the service will commence within 90 days, depending on the carrier's schedule change cycle. The grant is requested to cover a 12-month period from the date of DOT award.

The Toledo Express Airport respectfully requests the Secretary's favorable approval to this proposal.

All correspondence regarding this document should be directed to:

**Mr. Paul Toth, Airport Director
Toledo Express Airport
11013 Airport Highway, Box 11
Swanton, OH 43558
(419) 865-2351**

¹ Study, *Economic Impact of Traffic Loss At Toledo*, accomplished for Express Airport by The Boyd Group/ASRC, Inc., June 2003.

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I. Toledo's Objectives

Statement of Problem

The overall objective of the Small Community Air Service Development Pilot Program is to engender and support improvements that will resolve deficiencies, and to do so on a long-term basis. The Toledo Express Airport would respectfully submit that this application meets this standard.

Toledo Express Airport is the air service gateway for one of the nation's most important and robust industrial regions. Recent investments in larger and expanded facilities by companies such as Daimler-Chrysler underscore this importance. Unfortunately, as the region has grown economically, changes in the airline industry have resulted in air service not keeping pace.

The airport is clearly underserved, as will be outlined in a subsequent section of this document. One of the most glaring air service deficiencies is the lack of capacity and service for destinations in the west. Currently, the main gateway is Chicago/O'Hare, which is served by American Eagle, primarily with 44-seat regional jets. Because of lack of capacity, the fares from Toledo to western destinations have caused massive leakage to Detroit/Metro, which, because of its size, supports not only a large Northwest Airlines hub, but also substantial levels of westbound service by Southwest Airlines.

This westbound access service deficiency is one major reason that Toledo Express Airport experiences a near-70% loss of traffic to Detroit.

Statement of Solution

The Airport has negotiated with Delta Air Lines to implement three-daily nonstop 40-seat jet service to its hub at Dallas/Ft. Worth.

This service will provide another westbound access point for Toledo consumers. In addition, there is strong community of business interest between Toledo and the service offered by Delta at DFW. In particular, the strong automotive industry relationships represent an air service need that will be satisfied by this service, as well as opening Toledo to a new range of options to the West and Southwest.²

² As a leading center of the automotive industry, Toledo has strong business ties to both the DFW area, where General Motors has a large production complex, and with other points on the DFW Delta system, such as Shreveport, which is the site of GM's largest SUV factories. This is just one example of how the proposed service will enhance the economic growth of not only Northwest Ohio, but also the nation as a whole.

Potential Traffic Gain: 57,000 Passengers

Proforma traffic projections have been accomplished for the Delta service to DFW. Based on two daily round trips, the service is projected to carry 57,000 passengers in a full normalized year.

Traffic capture projections are based on internal O&D demand projections accomplished by the Airport and adjusted by alternative options on other airlines in the market. System revenues for Delta are estimated at slightly more than \$12 million, with a slight "on-segment" loss during the first year of service.

These are not to be considered as final data, as Delta will conduct its own internal analyses of the market. However they do indicate the reason that Delta is interested in adding Toledo to its DFW hub system.

The following pages are presented to demonstrate to the Department that the proposed grant is to accomplish a demonstrably-viable air service improvement.

<i>TOL - DFW Traffic Generation</i>			
<i>Destination</i>	<i>O&D Traffic Generation</i>	<i>Capture Rate</i>	<i>Resulting Traffic</i>
Phoenix	33,469	25%	8,367
Dallas/Ft. Worth	26,985	80%	21,588
Los Angeles	13,726	25%	3,431
Denver	10,907	15%	1,636
San Francisco	9,709	15%	1,456
Houston	7,680	25%	1,920
New Orleans	5,778	15%	867
San Diego	5,566	25%	1,392
Las Vegas	5,397	25%	1,349
San Antonio	4,918	35%	1,721
Salt Lake City	4,848	18%	848
Orange County	4,284	25%	1,071
Austin	3,298	35%	1,154
Albuquerque	2,522	35%	883
Oklahoma City	2,269	20%	454
Tucson	2,086	35%	730
Little Rock	1,973	15%	296
Tulsa	1,677	20%	335
El Paso	1,635	40%	654
Ontario	1,494	35%	523
Jackson	958	20%	192
Shreveport	888	30%	266
Baton Rouge	747	25%	187
Corpus Christi	493	60%	296
Other			5,500
<i>Total</i>			<i>57,116</i>

Toledo - Dallas/Ft. Worth Key Operating Data

TOL - DFW Mileage:	941
Assumed Aircraft:	Canadair RJ
Passenger Seats:	40
Estimated Weekly Flights Scheduled:	40
Estimated Completion Factor:	99%
Estimated Weekly Flights Completed:	39.6
Projected Annual Flight Segments:	2,059
Projected Available Seat Miles (ASMs)	77,508,288
Projected Cost per Available Seat Mile (CASM)	\$0.117
Projected Annual "On-Segment" Operating Expense	\$ 9,068,470

Financial Analysis

"On-Segment" Financial Estimates

Total Projected Passengers	57,116
Projected Local Passengers	21,588
Projected Local Revenue Passenger Miles (RPMs)	20,314,135
Projected Local Average Yield:	\$0.214
Projected Connecting Passengers	35,529
Projected Connecting Revenue Passenger Miles:	33,432,453
Projected Connecting Average Yield:	\$0.135
TOTAL PROJECTED "ON-SEGMENT" REVENUES	\$ 8,860,606
Total Projected "On-Segment" Operating Expense:	\$ 9,068,470
Projected "On-Segment" Profit	\$ (207,864)

Projected System Revenue Contribution

"On-Segment" Traffic Revenue	\$ 8,860,606
Revenue Contribution To DL Network Beyond DFW	\$ 3,615,659
Total System Revenue Contribution	\$ 12,476,265
Minus 10% DFW Originating Seat Spill/Diversion	\$ (361,566)
Total Adjusted System Revenue Contribution	\$ 12,114,699

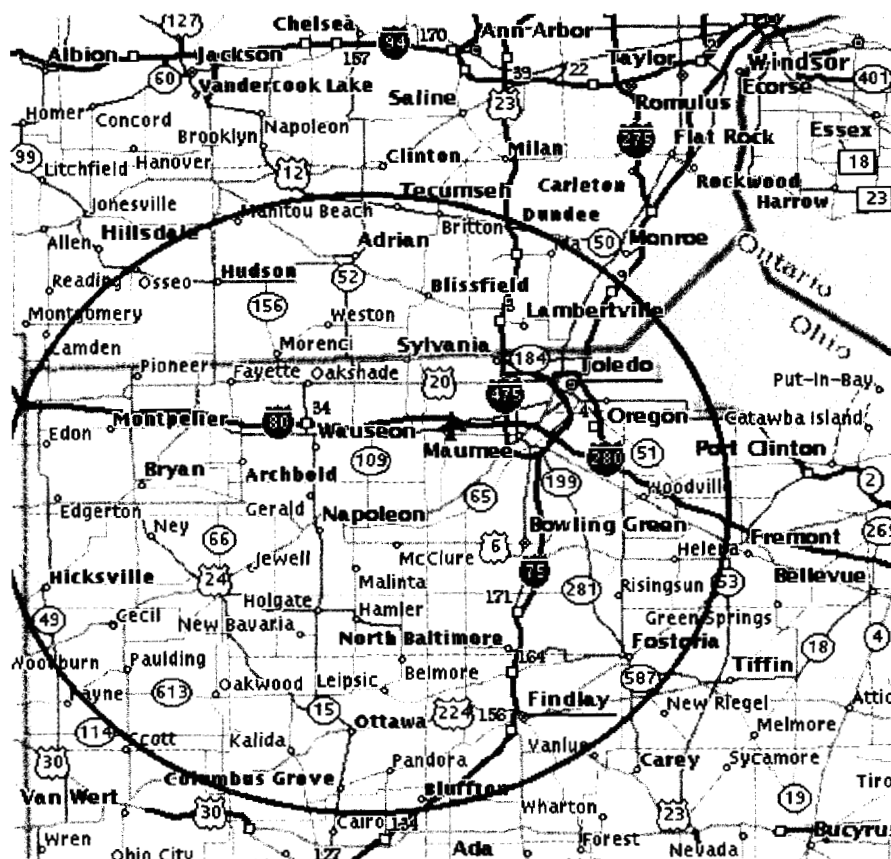
Summary and Factor Data

Projected Annual Available Seat Miles (ASMs)	77,508,288
Projected Revenue Passenger Miles From Local Traffic	20,314,135
Projected Revenue Passenger Miles From Connecting Traffic	33,432,453
Total Revenue Passenger Miles (RPMs)	53,746,588
Projected Load Factor	69.3%

II. Current Toledo Air Service Market

Toledo's Service Area

Toledo's service area is affected by the presence of a large Northwest connecting hub at Detroit. As a result, its service area is somewhat truncated to the north.



Being located at the axis of three major four lane arteries (I-75, I-80/90, and US 23) the airport has a service area that extends west into Indiana, east to approximately Fremont, and south to Lima. This region has a total population of approximately 1 million, and encompasses one of the most diverse industrial areas in the nation.³

In this region, there are a large number of corporations that are in need of additional air service options. These corporations include high-tech industries with global sales and a growing need for additional air service: Dana Corporation, Owens-Illinois, Owens-Corning, Marathon Oil, Cooper Tire, Calphalon and Pilkington.

³ This is not to discount agriculture, which is another important industry in the region.

Current Air Service

Toledo is currently served by six major airline systems. It has Delta Connection with non-stop service to Atlanta and Cincinnati, US Airways Express with nonstop service to Pittsburgh, Continental Connection to Cleveland, Northwest Airlink to Detroit, ATA Connection to Chicago/Midway and American Eagle to Chicago/O'Hare.

Toledo Has The Ability To Support More Air Service

The data indicates without question that Toledo is an underserved market.

	Toledo, OH	Little Rock, AR	Wichita, KS	Ft. Wayne, IN
MSA Population	618,203	583,845	545,220	502,141
Number Of Carriers	Five	Six	Eight	Five
Number Of Destinations	Five	Fifteen	Ten	Seven
Number Of Flights	223	414	282	235
Number Of Seats	8,476	33,141	16,320	9,772

Comparisons based on the MSA population data are compelling. However, they also understate the true nature of Toledo's lack of service. In particular, Toledo's actual service area population is approximately 1 million, based on analyses of its catchment area, and the draw of I-75 and I-80/90.

Reference is made in this regard to the service area map. The high population density in the region, and the wide diversity of industrial businesses are factors that none of the comparison cities enjoy.

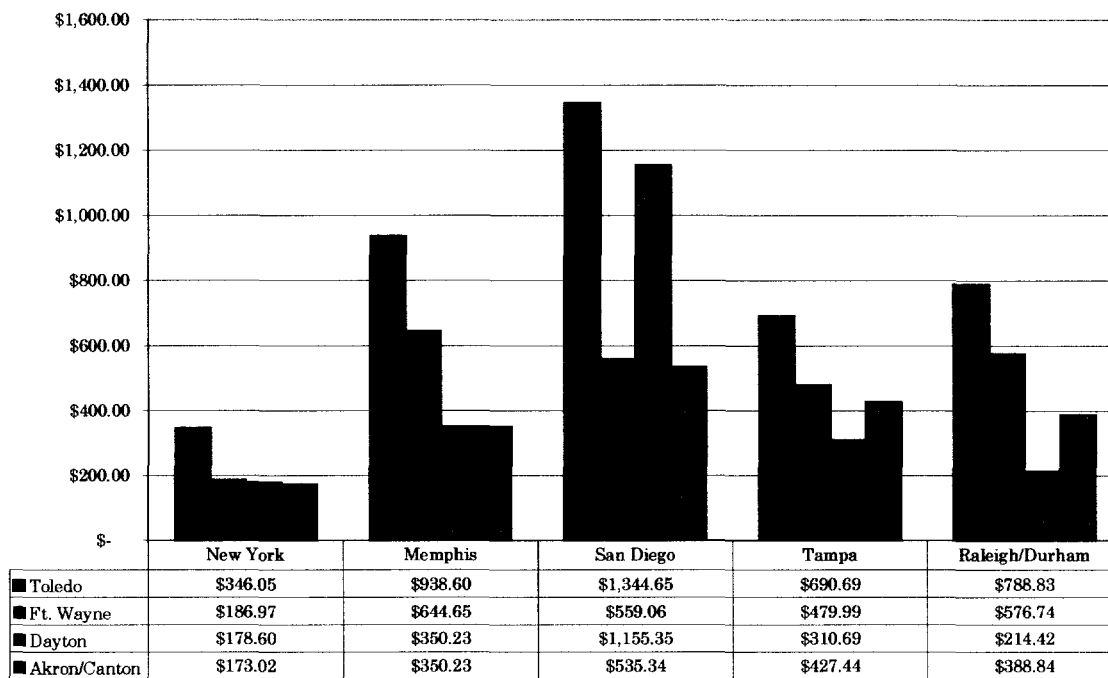
A Market That Has Experienced A Significant Loss In Capacity

	Mar-00	Mar-01	Mar-02	Mar-03
Number Of Departing Frequencies	213	201	279	223
Number Of Departing Seats	9,876	10,576	10,952	8,476

The above chart indicates that the number of departing seats in the Toledo market has decreased from 10,952 in March 2002 to 8,476 in March 2003. This is mostly due to the departure of low fare air service on AirTran from the market. This represents a decrease of 22.6% during the past year. With fewer departing seats in the market, the number of discount seats available to Toledo is significantly less than one year prior.

Service Deficiencies Are Causing Higher Fares

Toledo Fares Are Higher In A Wide Range Of Markets



The lack of capacity at Toledo directly results in higher fares.

As an example, fares between TOL and Memphis are 168 percent greater than from Dayton, 168 percent greater than from Akron/Canton and 45 percent greater than from Ft. Wayne.⁴ Of the markets evaluated, there are none in which the fares from another community exceed those offered from TOL.

Other airports in the region, such as Dayton, quite often have lower fares due to a wider choice of carriers and a greater amount of departing seats on larger aircraft. This grant proposal directly addresses this deficiency at Toledo.

⁴ Fares compared represent "real-world" business fares – purchased three days ahead, with an overnight stay.

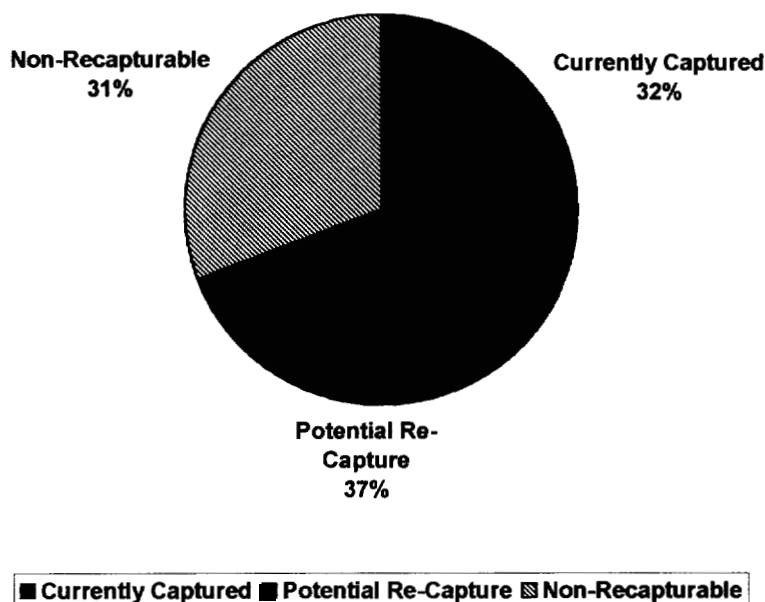
Leakage – Over 70%. But More Than Half Is Recapturable

The Toledo Express Airport recently commissioned a catchment area ticket lift study. Based on data supplied by local travel agencies, the study concluded that nearly 70% of the traffic generated by the population residing within TOL's core catchment area is currently leaking to other airports due to lower fares and wider availability of air service. These results indicate that nearly 700,000 passenger enplanements are leaking to other airports. That number will likely increase due to the reduction in capacity to US Airways' hub in Pittsburgh and the withdrawal of low-fare air service by AirTran.

Lost Traffic – An \$82 Million Economic Hit To The Region.

The economic impact analysis completed in June, 2003 correlated the total leakage to that which, under reasonable and possible air service scenarios, could actually be recaptured.

Toledo Traffic Generation Approximately 68% Is Capturable



The analysis indicated that of the total traffic lost to Detroit, slightly more than half could be recaptured with the levels of air service that Toledo can support.⁵ The economic impact of only this portion of the lost traffic was computed at over \$82 million annually.

A \$750,000 DOT Investment Will Yield \$4.6 Million Annually

The Delta service to Dallas-Ft.Worth would be a major step in re-capturing this leakage. Furthermore, it would have a significant economic impact on the region. The study found that the annual economic impact of each passenger recaptured represented, conservatively, a \$218 impact on the local economy. The new Delta service will generate a total of 57,000 passengers. Based on enplanements only, and on the conservative assumption that only 75% of the passengers will represent recapture, the net positive impact to the Toledo region will be approximately \$4.7 million *annually*.

⁵ Because of the amount of nonstop, large jet, and low-fare service at much-larger Detroit, some of the air traffic generated at Toledo is simply not recapturable.

III. Grant Program Implementation & Action Plan

To support the proposed Delta service, Toledo Express Airport is requesting a grant of \$750,000 under the terms of the Pilot Program. The community will match this in the amount of \$150,000, for a total amount of \$900,000.

Program Fund Application

The funds will be applied as follows:

Risk Abatement/Revenue Guarantee, \$750,000. This would be structured as a program to assure that Delta service meets pre-agreed revenue targets in the first months of providing service.

Marketing and Advertising Support, \$150,000. As noted, there is considerable current leakage that can be re-captured at Toledo. As a result, the Airport intends to embark on a major expansion of its current Fly Toledo program to assure that the new service is successful. The program will focus on airport awareness initiatives, but also be directly targeted at key industries in the area that have communities of business interests in the Dallas-Ft.Worth metroplex as well as at cities beyond DFW on the Delta system.

Program Structure

Risk Abatement Program

The Airport has already completed preliminary discussions with Delta regarding the implementation of the program. As now envisioned, the following would be the structure:

- Specific revenue targets will be established for the new service. This will include the total system revenue generated by the new service, both local TOL-DFW O&D and the flow traffic generated beyond DFW.
- Traffic ramp-and-build projections will be determined for the first months of operation, with estimates of the revenue support required of the program each month.
- Delta will provide the Airport with passenger and revenue results on a monthly basis. This will permit rapid response on the part of the Airport's marketing efforts to address any material shortfalls in the projected target revenues.
- Settlement of any revenue support funds to Delta will be accomplished on a quarterly basis. It is understood that these are revenue guarantees, not outright subsidies.

Marketing & Advertising Support Program

The Airport will provide the Department with a detailed budget regarding the program. The funds allocated to this part of the program will include the expenses involved meetings and negotiations with Delta in regard to establishing the service and the specific marketing and advertising objectives the carrier may wish to pursue to assure success.

The marketing and support activities are intended to include:

- A comprehensive campaign to increase awareness of the service at Toledo Express in general and of the benefits of the new Delta service in particular. The data from the airport's recent economic impact study will be used to illuminate the savings to the community in using Express instead of Detroit.
- Community events and presentations to build awareness of the new service.
- Advertising regarding the new service in local media.
- Direct contact with key industries in the area who have business interests in the DFW Metroplex and points beyond on the Delta System. Emphasis will be placed on automotive-related businesses.
- Joint marketing events with Delta in the Toledo region.
- Contingency marketing plans to implement should the service not meet expectations during any month of the 12-month program. These will include direct mail, one-on-one contact with key travel generators, and additional advertising to reinforce public awareness of the new service.
- The Toledo Express airport has also showed it's commitment for marketing and promoting all new and existing air service by virtue of a 600% budget increase for marketing/advertising over the past two years. The 2003 budget for marketing Toledo Express airport is \$650,000. The Toledo Lucas County Port Authority is committed to continue this investment on air service in our community beyond 2003. The marketing and advertising program will commence immediately upon completion of successful negotiations with Delta, and announcement of service.

Project Revenue Split

1). Local Share -	\$ 150,000 Revenue Guarantee \$ 30,000 Marketing Funds
2). Small Community Air Service Pilot Program	\$ 600,000 Revenue Guarantees <u>\$ 120,000</u> Marketing Funds
Total Joint Funds	\$ 900,000 Total

IV. Technical Outline Of Proposal

a). Airport and Community Name:

Toledo Express Airport (TOL)
11013 Airport Highway
Swanton, OH 43558
Contact: Mr. Paul Toth
Airport Director

Community And Region Served: The metropolitan area of Toledo, Ohio, plus portions of southeastern Michigan, western Ohio, and northern Indiana, comprising a population of approximately 1 million.

b). Additional Community Members

The Toledo Express Airport will be joined in making this program a success by the Toledo/Northwest Ohio Area Air Service Coalition, which is comprised of the following initiatives. The Northwest Ohio Legislative consortium The Regional Growth Partnership, Toledo Chamber of Commerce, City of Toledo, Lucas County, Toledo-Lucas County Port Authority.

c). Project Sponsor

The Toledo-Lucas County Port Authority (TLCPA) is the official sponsor in submitting this application.